

PICKUPS

FROM PAGE 1

U.S. sales of full-sized pickups were 1,238,624 in calendar year 1990, down 6.71 percent from 1989.

Even with the drop, they stayed in the 1.2 million to 1.3 million yearly range they've been in since the end of the last recession in 1982.

Sales reached a decade-long high of 1,327,759 units in calendar 1989. During the last decade, full-sized pickups have typically accounted for more than 25 percent of all light-truck sales.

Ford's F-series pickups have been the industry's top-selling vehicle line for the last nine years and Ford's best-selling line for the last 18 years, says Joel Pitcoff, Ford research and analysis manager.

Dealer dependence

Full-sized pickups are even more important to some dealers than they are to the factories.

The trucks account for about one of every five vehicles sold by a Ford or Chevrolet dealer.

According to private studies conducted for truck manufacturers by Maritz Marketing Research Inc. of Toledo, Ohio, buyers of 1990 models paid an average transaction price of \$16,200 for full-sized pickups.

The average transaction price was \$15,400 for a Ford F-series pickup, \$16,200 for a Dodge Ram pickup and \$16,600 for a Chevrolet C/K and GMC Sierra.

The F series sold for less because of a higher percentage of manual transmission models, which typically have less optional equipment.

Joseph Philippi, an analyst with Shearson Lehman Brothers in New

FULL-SIZED PICKUP PROFILE, 1990

Main & Model	Platform introduced	Transaction price*	Unit sales	Unit profit †	Contribution to corporation
Ford F series	1980	\$15,400	522,034	\$4,000	\$2.09 billion
Chevrolet C/K	1988	16,600	487,508	4,000	2.51 billion
GMC Sierra	1988	16,600	141,104	4,000	
Dodge Ram	1971	16,200	87,978	4,000	0.35 billion

* Source: Maritz Marketing Research

† Source: For Ford and GM, Joseph Philippi of Shearson Lehman Brothers; for Chrysler, David Healy of Barclays

on Zions West

York, estimated that GM and Ford realize a profit of at least \$4,000 to \$5,000 per vehicle on their big pickups.

That would translate into a contribution to the corporation of \$2.1 billion to \$2.6 billion annually for Ford and \$2.5 billion to \$3.2 billion for GM, at a time when the companies are not earning profits on overall North American vehicle sales.

"If you look at the vehicle relative to the amount of content that goes into it — either metal, hours

of manufacturing or assembly — and life cycles, which are quite long, you quickly recognize that profits, relative to the selling price, are substantial," Philippi says.

While auto companies don't supply precise figures, "they basically admit that the only place they make money in North America is in their light-truck operations," he says.

Full-sized pickups tend to be among the most profitable light trucks, he adds.

"There may be sheet metal

HOW PICKUP BUYERS, CAR BUYERS DIFFER

Table compares buyers of cars with buyers of full-size pickups. Numbers are percent of buyers who are:

	Trucks	Cars
Married	89	64
Male	79	53
Managerial-technical	40	40
Blue-collar	34	11
Sales-clerk	26	49
service-other		
Urban	9	20
Suburban	20	39
Small town	45	36
Rural	26	5
Education (years)	12.9	14.2

Source: Maritz Marketing Research

changes; but the platform, the basic vehicle principals, change only once a generation," he says. That allows tooling investments to be amortized over long periods.

● GM's 1988 C/K and Sierra models introduced the company's first new platform for full-sized pickups in 17 years.

● Ford still is using the same basic F-series platform that it introduced in 1980. It restyled the F series in 1987 and plans to revise 1992 models, still using the same platform.

● Dodge has used the same Ram pickup platform, with minor sheet metal changes, for 20 years. It plans all-new models in 1993.

Ford and GM have battled each other in that market for decades, trying to steal customers who are among the most brand-loyal in the industry.

Market share battles

The war of words began to heat up in the 1950s, with the use of registration data to lay claim to industry leadership.

In the past two years, Chevrolet and GMC have regained some of the ground they lost to Ford in 1988 during the introduction of their restyled C/Ks and Sierras.

Ford outsold Chevrolet by 34,526 full-sized pickups in calendar 1990.

Ford's share of the U.S. full-sized pickup market dropped from 44.15 percent in calendar 1988 to 42.15 percent in calendar 1990.

Meanwhile, Chevrolet inched up to a 39.36 percent market share in 1990 from 38.97 percent in 1988. And GMC gained slightly with an 11.39 percent share in calendar 1990 compared to 10.68 percent in calendar 1988.

Dodge bounces back

The big gainer, though, has been Dodge Division, which was beginning to look like an endangered species in the pickup market until it came up with the idea of offering a Cummins diesel engine in its Ram pickups in the 1990 model year.

They now account for half of Dodge's big pickup sales, even though they're not available in high-volume half-ton models. Dodge offers them only in three-quarter-ton D-250 and one-ton D-350 units.

Dodge went from 6.20 percent of the market in 1988 to 7.10 percent last year.

Buyers of full-sized pickups are typically married males who have slightly less education and are slightly more likely to work in blue-collar jobs than the average car buyer.

They also tend more frequently to live in rural areas and farming communities.



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Buyer satisfaction up in Canada

By Alex Law
STAFF CORRESPONDENT

Canadians are more satisfied than ever with their new cars, says a Canadian Automobile Association survey.

A survey of 20,000 association members shows that 74.2 percent said they were very satisfied with their new cars, up from 73.0 percent in 1990 and 72.0 percent the year before.

This year's study again shows that Canadians who own Asian cars are the happiest. But the percentage of Asian car owners who are very satisfied slipped a little, while European and North American cars gained.

In the 1989 survey, 67.1 percent of owners of North American cars said they were very satisfied. That

number is now 70.0 percent. The scores of owners of European makes have increased from 75.8 percent two years ago to 80.2 percent this year.

Among owners of Asian cars, 82.3 percent were very satisfied in 1989. That number is now 81.9 percent.

The 10 most-loved cars are all imports. Ninety-three percent of Mercedes-Benz owners said they were very satisfied. Mercedes was followed by Honda-Acura (87.8), BMW (87.0), Jaguar (85.7), Volvo (85.5), Toyota (85.2), Mazda (82.1), Volkswagen (79.1), Saab (78.9) and Nissan (76.7).

On the domestic side, GM scored 71.6, Chrysler 69.0 and Ford 68.3.

The biggest single increase in very satisfied customers went to

HAPPY BUYERS

Percentage of Canadian owners who say they are very satisfied with their new cars, by continent of car origin

	1989	1990	1991
North American	67.1	67.7	70.0
European	75.8	78.2	80.2
Asian	82.3	82.9	81.9
Total	72.0	73.0	74.2

SOURCE: Canadian Automobile Association

BMW, which rose 22.5 percentage points over last year. The only Japanese firm to post an increase was Nissan, which scored a 0.6 percentage point gain.

The survey also found:
● Brand loyalty is declining for domestics as well as the Asian importers. Only 47.7 percent of domestic owners said they would buy the same car again. Ford had the highest figure (50.3), followed by GM (49.0) and Chrysler (44.5).

The Asian numbers fell from 60.3 to 59.6, with Toyota and Suzuki registering the largest drops.

Exactly 58.0 percent of European car buyers said they would buy the same brand again, up from last year's 54.3 percent.

● The Big 3 all registered minor gains in customer satisfaction with dealer service.

Sixty-four percent of the Asian owners said they were satisfied with dealer service in 1991, down a one-half percentage point from 1990. But the Asian score is still 13.4 points ahead of the domestics and 3.9 points ahead of the Europeans, who dropped by about that much.

● When the time comes to buy a new car, the most likely choice will be the Honda Accord. The next most-likely purchases are Toyota Camry, Toyota Corolla, Chrysler's minivans, Ford Taurus/Mercury Sable, Honda Civic, Ford Crown Victoria/Mercury Grand Marquis, Volkswagen Jetta, Chevrolet Caprice and Ford Tempo/Mercury Topaz.

● The 1987 to 1989 Nissan Sentra gained the association's Used Car Performance Award for a second straight year. The award is based on the level of owner satisfaction with cars built from 1987 to 1989, on mechanical reliability and cost of repairs, and on the number of owners who would choose the same car again.

The Sentra was followed by Accord, Camry, Crown Victoria/Grand Marquis, Caprice, Civic, Corolla, Buick LeSabre, Chrysler New Yorker and Mazda 626.

● Nearly 49 percent of survey respondents want their next vehicle to have air bags, up from 32 percent in 1990. More than half want anti-lock brakes next time, up from 44.3 percent.

● Nearly 55 percent of the owners listed reliability as their chief reason for buying; 51.4 percent listed price. No other factor was named by more than 29 percent of respondents.

OBITUARIES

George J. Augustaitis

ANN ARBOR, Mich. — George J. Augustaitis, founder and owner of Apollo Lincoln-Mercury in Ann Arbor, died Feb. 3. He was 63.

Robert Berkey

PLEASANTON, Calif. — Robert Berkey, owner of Berkey Porsche in Pleasanton and 1990 chairman of the Porsche Dealer Advisory Council, died Feb. 3. He was 44.



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*TI's 1500 Computer has outperformed comparable models from competitors, according to benchmark tests conducted by Neal Nelson & Associates of Chicago, Illinois.
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Contamination alert: Don't buy a dirty deal

By Diana T. Kurylko
AUTOMOTIVE NEWS STAFF REPORTER

ATLANTA — Federal and state laws to protect the environment mean dealers should literally look below the surface of any property they might want to buy.

The laws involve underground fuel storage tanks; asbestos; hazardous waste and used-oil disposal; and clean air, said Douglas Greenhaus, National Automobile Dealers Association attorney, at the NADA convention workshop on environmental concerns.

Dealers are liable for cleaning up pollution on the dealership site, even if the property is sold, Greenhaus said.

Underground tanks

Underground storage tanks, except for heating oil, are regulated by the federal government, which requires that dealers tell the EPA what each tank contains. Some states also levy annual fees.

The EPA requires that new tanks detect when a substance is released accidentally. The agency also sets construction standards and installation procedures.

Existing tanks are covered by standards being phased in, Greenhaus said. Currently, tanks that are 10 years or older must have a system that detects leaks. But small tanks can be tested manually by comparing the level on Friday afternoon and Monday morning, Greenhaus said.

Dealers will be financially responsible for pollution from their tanks. Beginning in October, dealers must carry insurance of \$500,000 to \$1 million to cover potential cleanups, Greenhaus said.

Faced with an annual premium of several thousand dollars, dealers may decide to put it out of use.

Clean air

Beginning next Jan. 1, dealers will be required to purchase machines that recycle Freon during servicing. Freon is a chlorofluorocarbon that causes ozone. Some states already require the machines.

The sale of Freon in 12- and 14-ounce cans will be banned, so do-it-yourselfers will not be able to work on their air conditioners.

CFCs will be banned completely at the turn of the century and replaced by non-ozone-causing substitutes that will soon be on the market. (See related story, Page 68.) Dealers will not be able to use the \$6,000-plus machines to recycle the CFC substitutes, Greenhaus said.

To comply with the 1990 Clean Air Law, the EPA is phasing in limitations on solvents such as paint thinners and parts cleaners.

In regions that do not meet federal clean-air standards, such as Los Angeles, paint booths may have to be equipped with scrubbers and higher-efficiency guns.

To meet new limits on airborne asbestos, technicians will no longer be able to blow the dust off asbestos-lined brakes with an air hose or dry brush but must use a wet method.

Beginning in 1994, no asbestos can be used in new vehicles. Asbestos will be banned in aftermarket parts beginning in 1996.

Hazardous waste

Under the new Clean Air Law, common products such as used oil filters and rags, batteries and antifreeze may be considered hazardous waste. Antifreeze, because it contains benzene, may have to be sent off-site for disposal.

Oil filters tinged with chemicals and substances now classified as toxic, such as lead, may also have to be handled as a hazardous waste by a licensed hauler.

Greenhaus recommended that hazardous waste be put into containers, not in underground tanks. Thirty drums can be stored, and a container can be kept up to 180 days before shipping.

The federal government can penalize a dealer if waste from the dealership is disposed of improperly, even by an outside disposer, Greenhaus said.

A dealer should get an environmental assessment of any property about to be bought or sold. Contamination from a leaking fuel tank, used solvent or lead batteries can destroy the value of a dealership, said Vance Hughes, a Washington attorney specializing in environmental law. A site can't be sold until it is cleaned up, and some cleanups cost millions.

IMPORT SALES BY MODEL

	Jan. 1991	Jan. 1990	1 Month, 1991	1 Month, 1990		Jan. 1991	Jan. 1990	1 Month, 1991	1 Month, 1990
ACURA	9,141	10,087	9,141	10,087	420SEL	233	407	233	407
Integra	5,005	5,693	5,005	5,693	560SEL	176	348	176	348
Legend	4,024	4,394	4,024	4,394	SL Coupe	455	458	455	458
NSX	112	0	112	0	560SEC	50	116	50	116
ALFA ROMEO	252	109	252	109	Tourist	33	117	33	117
Milano	0	6	0	6	MERCURYMERKUR	4,455	2,503	4,455	2,503
Spider	93	103	93	103	Tracer	3,232	1,553	3,232	1,553
164	159	0	159	0	Capri	1,223	0	1,223	0
ASTON MARTIN	5	5	5	5	XR4Ti	0	198	0	198
AUDI	843	1,283	843	1,283	Scorpio	0	752	0	752
5000	0	6	0	6	MITSUBISHI	4,949	15,700	4,949	15,700
80	176	261	176	261	Starion	0	2	0	2
90	162	193	162	193	Mirage	1,413	10,656	1,413	10,656
V8 Quattro	57	136	57	136	Galant	2,415	3,901	2,415	3,901
Coupe Quattro	30	59	30	59	Sigma	27	171	27	171
100/200	334	510	334	510	Precis	292	863	292	863
100/200 Quattro	84	118	84	118	3000GT	751	0	751	0
BMW	2,548	4,919	2,548	4,919	Wagon	51	107	51	107
3 series	1,339	2,006	1,339	2,006	NISSAN	15,245	26,560	15,245	26,560
5 series	805	2,054	805	2,054	Sentra	1,689	7,120	1,689	7,120
635 CSI	2	56	2	56	Pulsar	60	744	60	744
7 series	197	728	197	728	Stanza	3,946	3,312	3,946	3,312
850i	158	0	158	0	Maxima	6,475	9,270	6,475	9,270
M3	25	70	25	70	240SX/200SX	2,131	4,032	2,131	4,032
M5	22	4	22	4	300ZX	944	1,820	944	1,820
M6	0	1	0	1	Hawaii	0	262	0	262
CHEVROLET/Geo	5,523	14,601	5,523	14,601	PEUGEOT	345	336	345	336
Geo Storm/Spectrum	4,509	8,120	4,509	8,120	PONTIAC LeMans	2,289	1,407	2,289	1,407
Geo Metro/Sprint	1,014	6,481	1,014	6,481	Porsche	242	695	242	695
CHRYSLER MOTORS	4,484	5,600	4,484	5,600	944	0	56	0	56
Colt	1,910	2,798	1,910	2,798	944S	55	125	55	125
Conquest	0	348	0	348	944 Turbo	0	65	0	65
Medallion	0	166	0	166	911 Carrera 4	113	124	113	124
Stealth	1,328	0	1,328	0	911 Turbo	7	1	7	1
Summit	603	1,033	603	1,033	911 Carrera 2	38	255	38	255
Vista	490	659	490	659	928S	29	69	29	69
TC	73	596	73	596	ROLLS-ROYCE	100	100	100	100
DAIHATSU	448	1,482	448	1,482	SAAB	1,025	1,967	1,025	1,967
FERRARI	80	80	80	80	900	225	268	225	268
FORD Festiva	2,616	5,985	2,616	5,985	900S	259	266	259	266
HONDA	13,887	15,871	13,887	15,871	900 Turbo	210	609	210	609
Civic/CRX	4,838	3,939	4,838	3,939	9000S	151	201	151	201
Accord	7,414	10,761	7,414	10,761	9000 CD	100	324	100	324
Prelude	1,555	1,171	1,555	1,171	9000 Turbo	78	289	78	289
HYUNDAI	7,509	11,883	7,509	11,883	Tourist	2	10	2	10
Excel	4,362	9,187	4,362	9,187	STERLING	205	505	205	505
Sonata	1,419	2,696	1,419	2,696	SUBARU	4,282	6,528	4,282	6,528
Scoupe	1,728	0	1,728	0	Hatchback	0	30	0	30
ISUZU	455	208	455	208	3-Door	0	38	0	38
i-Mark	21	169	21	169	4-Door Sedan	0	85	0	85
Impulse	245	39	245	39	Legacy	838	3,913	838	3,913
Stylus	189	0	189	0	Loyale	2,484	1,206	2,484	1,206
INFINITI	1,862	1,071	1,862	1,071	XT/XT6	169	131	169	131
M30	300	419	300	419	Station Wagon	0	20	0	20
Q45	560	652	560	652	Justy	791	1,105	791	1,105
G20	1,002	0	1,002	0	JUZUKI	391	615	391	615
JAGUAR	511	1,523	511	1,523	TOYOTA	25,257	27,316	25,257	27,316
XJ6	392	1,086	392	1,086	Corolla	6,017	7,588	6,017	7,588
XJ-S	119	437	119	437	Tercel	7,807	7,225	7,807	7,225
LAMBORGHINI	13	13	13	13	Celica	4,183	6,081	4,183	6,081
LEXUS	3,128	4,135	3,128	4,135	Supra	238	966	238	966
ES 250	1,382	1,216	1,382	1,216	Camry	5,364	4,688	5,364	4,688
LS 400	1,746	2,919	1,746	2,919	Cressida	832	599	832	599
LOTUS	27	27	27	27	MR2	816	169	816	169
MASERATI	20	20	20	20	VOLKSWAGEN	6,410	7,868	6,410	7,868
MAZDA	10,423	13,524	10,423	13,524	Cabriolet	297	479	297	479
323	1,824	2,280	1,824	2,280	Corrado	408	294	408	294
Protege	4,370	3,047	4,370	3,047	Jetta	2,586	4,060	2,586	4,060
626	1,152	3,610	1,152	3,610	Golf/GTI	996	952	996	952
MX-6	17	10	17	10	Passat	1,192	0	1,192	0
Miata	1,906	2,852	1,906	2,852	Quantum	0	6	0	6
929	747	1,064	747	1,064	Scirocco	0	5	0	5
RX-7	407	661	407	661	Fox	931	2,072	931	2,072
MERCEDES BENZ	3,378	4,854	3,378	4,854	VOLVO	5,256	8,834	5,256	8,834
190	869	822	869	822	240 series	2,082	4,043	2,082	4,043
300E 2.6/260E	252	54	252	54	700 series	2,198	4,772	2,198	4,772
300	857	1,652	857	1,652	940 series	955	0	955	0
300 SE	225	422	225	422	Tourist	21	19	21	19
350SDL Turbo	68	0	68	0	YUGO	370	879	370	879
350 SD	56	0	56	0	IMPORT TOTAL	137,814	198,813	137,814	198,813
300SEL	104	258	104	258					

*Estimate

Compiled by Karen Detkowski

COMING EVENTS

General

Feb. 18-21 — Composites Institute Conference and Expo, Society of the Plastics Industry, Convention Center, Washington, (212) 351-5410

Feb. 24-26 — ASA Cars/Transmeet Convention, Automotive Service Association, Holiday Inn Mart Plaza, Chicago, (317) 747-7988

Feb. 25-March 1 — SAE International Conference & Exposition, SAE, Cobo Center, Detroit, (412) 776-4841

Feb. 26-28 — International Automotive Aftermarket Show, McCormick Place East, Chicago, (317) 747-7988

Feb. 28-March 1 — Buyouts Symposium, Venture Economics Inc., New York Marriott Marquis Hotel, New York, (617) 449-2100

March 3-8 — Strategy: Formulation and Implementation seminar, The Michigan Business School, University of Michigan Executive Education Center, Ann Arbor, Mich., (313) 763-1000

March 8-9 — Auto Trim & Accessories Show, Dallas/Fort Worth Arlington Convention Center, Arlington, Texas, (215) 644-6400

March 10-14 — American Car Rental Association Convention, Walt Disney World Dolphin, Orlando, Fla., (202) 789-2240

March 18-19 — Doing Business in Eastern Europe, University of Wisconsin-Madison Department of Engineering Professional Development, University of Wisconsin-

Madison, (800) 462-0876

March 19-21 — East/West Interfreight Conference & Exposition, Cargo Systems International and Hungarian Ministry of Transport's Institute for Transport Sciences, Vigado Concert Hall, Budapest, Hungary, 44 81 330 3911

March 20-22 — Managing International Joint Ventures, Michigan Business School, University of Michigan, Ann Arbor, Mich., (313) 763-1000

March 30-April 2 — North American Material Handling Show and Forum, Material Handling Industry of America, Cobo Center, Detroit, (800) 345-1815

April 3-5 — Interagency Motor Equipment Advisory Committee of the Southeast conference, General Services Administration, Hyatt Regency, Louisville, Ky., (404) 331-0918

April 8-11 — IPC '91 Programmable Controllers Conference and Exposition, Engineering Society of Detroit, Cobo Center, Detroit, (313) 665-0014

April 10-11 — Developing relationships with Japanese automobile manufacturers, U.S. Department of Commerce, Bismarck Hotel, Chicago, (202) 377-5479 or (202) 377-1418

April 10-12 — Intermodal Transportation Conference, International Transportation Association, Hyatt Regency Hotel, Baltimore, (301) 864-4163

April 14-17 — Raw Materials Seminar, Adhesive and Sealant Council Inc., Adams Mark Hotel, St. Louis, (202) 452-1500

Luxury imports off, as expected

By David Versical
NATIONAL EDITOR

Late last year, conventional wisdom said that sales of luxury cars would surge in December then tail off in January after the new luxury tax took effect.

It happened. While overall U.S. car sales fell 25.42 percent in January, sales of high-line imported cars fared much worse.

Mercedes-Benz came close to the industry, with a 27.42 percent drop from January 1990. But Volvo fell 40.50 percent; Saab, 47.89 percent; BMW, 48.20 percent; Porsche, 65.18 percent; and Jaguar, 66.45 percent.

The effect of raising taxes in January shows up plainly.

For example, in December, Porsche sold 437 of its 911 Carrera

4 models. Now the \$72,000 car carries a \$4,200 luxury tax. Sales were 113 in January. Sales of Mercedes' \$89,300 500SL dropped from 1,146 in December to 455 a month later.

Despite an increase in January sales of its ES250 model, which is not subject to the tax, Lexus saw a year-to-year sales decline for the first time in its short history.

For the most part, makes that increased sales were helped by new models. Infiniti's sales were up 73.86 percent compared with January 1990, solely on the strength of the new G20. Alfa Romeo more than doubled its sales from the previous January, thanks to its new 164. Isuzu, which has renewed its car lineup within the last year, saw sales rise 118.75 percent.

Some individual models also bucked the trend. Honda's Prelude,

MARKET SHARES Domestic, Import cars

	Jan. Sales	Pct. of Total
Subcompact	132,981	23.98
Compact	108,454	19.56
Intermediate	193,304	34.87
Standard	42,735	7.71
Specialty	9,978	1.80
Luxury	67,006	12.08
TOTAL	554,458	100.00

which will be replaced in the 1992 model year, was up 32.79 percent. Mazda's Protege increased 43.42 percent.

The Mercedes 190, Nissan Stanza, Pontiac LeMans, Subaru Loyale, Toyota Cressida and Volkswagen Corrado were also among those that sold better last month than in January 1990.

Overall sales of imported cars fell 30.68 percent for the month.

HYMAN

FROM PAGE 3

are pumped up about Buick's upcoming line, including a Jaguar-ish looking 1992 LeSabre and a soon-to-be introduced Buick Roadmaster sedan, a full-sized, rear-wheel-drive car apparently targeted at Ford's Lincoln Continental.

"Of all the GM divisions, I think Buick's got the most going for it right now," Hyman says. "New designs. New models coming out. Market share's increasing. Buick doesn't have much to complain about."

10:30 a.m. — Hyman and Cates attend their first seminar, "What Is the Role of Today's Sales Manager." Speaker Jay Crennins of Key-Royal Automotive Co. advises the packed audience of about 200 to use more caution in handing out monthly sales bonuses. Structure sales contests to begin and end during the slowest periods, he suggests. Or give out bonuses that are more lasting, like expensive silk ties.

"He's got some really good points," Hyman tells Cates. "There are so many things we just forget to do."

11:30 a.m. — On entering the convention floor for the first time, Hyman immediately encounters his father, Haywood Hyman, owner of Hyman Brothers Pontiac in Richmond and a dealer since 1946. With him are: Huddy's younger brother Clarke Hyman, owner of William-Clarke Jeep-Eagle-Hyundai-Audi in Charleston, S.C., who is considering adding another Big 3 franchise; Ernie Simopoulos, general manager of Hyman Brothers; and James Ould, a long-time financial consultant to the family.

Huddy Hyman: I'm not just saying this because I sell GM, but I think Buick's going to go somewhere.

Clarke: Yeah? Why?

Huddy: A lot of reasons. We just saw the new Roadmaster. It's really hot.

Clarke: But Roadmaster? Who knows what that is?

Huddy: Yeah. But I mean, all of GM is changing. It's getting leaner, with the management cuts and all. I think Saturn's going to be a blueprint for the whole company.

Clarke: I don't know. Name recognition is still so important.

Huddy: Yeah. I don't know. Hell, I'm so confused.

Haywood: Just cover the basics.

Huddy: Right. Cover the basics.

Haywood: Just cover the basics and you can't go wrong. Believe me.

2:30 p.m. — Hyman, Cates, Ould and Simopoulos file into the NADA opening session with about 2,000 conventioners. By the time keynote speaker GM Chairman Bob Stempel reaches the podium to speak — two hours into the ceremony — a small trail of exiting attendees is already visible.

7:00 p.m. — Hyman opts to stay in his hotel room to recuperate from lingering flu symptoms. Cates ventures out with Ould to a string of parties.

Sunday, 11:30 a.m. — Hyman, his father and Oulds attend a seminar: "A Forum: Dealership Operations in the United States."

During the forum, Harry Land Jr. of Family Auto Group in Durham, N.C., boasts of making an average \$1,100-per-retail transaction on finance and insurance charges.

1:02 p.m. — Outside the meeting room, the group discusses the forum for 20 minutes. They are skeptical of Land's \$1,100-per-transaction claim.

Huddy: If he's averaging that, he's really putting the screws in



Huddy Hyman, who owns Saturn and Buick dealerships, talks with General Motors Chairman Robert Stempel at reception preceding the Saturn Corp. business meeting at the NADA convention.

some people. You can't do that to people.

Haywood: He's talking about laying people away, trying to make all of his money on a few customers. You can't do it that way or people are going to stop coming back.

Huddy: That customer's going to get home and see he's paying 16, 17 percent interest and he'll pay off the loan and the dealership won't make anything. That just doesn't work.

1:33 p.m. — In the exhibit hall, the Hymans stop by the Prevent-A-Theft booth, where a \$1-million Batmobile replica is on display. Hyman waits to have his picture taken at the Batmobile for his three kids, but the photographer is late coming back from lunch. The group strolls away.

1:55 p.m. — The Hymans return to the Batmobile; the attendant says the camera is now broken.

2:00 p.m. — Hyman, his father and Cates attend a business meeting for Saturn Corp. where Bob Stempel assures dealers that the carmaker's new \$1.9-billion factory will have all the wrinkles out within the next 60 days.

3:30 p.m. — In a reception afterwards, Hyman and Cates — Haywood Hyman left before Stempel arrived — talk briefly with the GM chairman. Cates casually asks whether GM stands to make any money off of the Persian Gulf war.

"We make bullets and bombs," Stempel informs him.

8:00 p.m. — The Hyman group enters the annual Pontiac reception, where about 1,400 people are rocking to Beach Boys music, played at high decibel by Phil Dirt and the Dozers. The group and several friends have amassed, cocktails in hand, near an hors d'oeuvre table in the back of the ballroom. All are in high spirits.

8:18 p.m. — An old friend stops Hyman on the far side of the ballroom and introduces him to Lynn Thompson, a Pontiac dealer from Springfield, Mo., who has just signed on with Saturn. As the band moves through a medley of Four Seasons hits, Hyman tries to tell him how confident he is in the Saturn concept.

"I really think it's the way of the future," he says, straining his voice above the music. "I think all of GM is going to be doing things the Saturn way in the future."

Thompson, who has misunderstood Hyman's introduction and thinks he's a Saturn factory representative, tells Hyman there's no need to sell him on Saturn.

Hyman: No, I'm a dealer. I've got Saturn of Richmond.

Thompson: Oh, oh. Well, how are sales?

Hyman: They're OK. You know. Not great yet, but I think they're going to pick up.

9:25 p.m. — A couple of mini-skirted young women have mingled through the Pontiac reception casually asking guests if they know where the Snap-On Tools party is. As a result, a rumor sweeps through the room: a near-by Snap-On party, full of gorgeous models, is the place to be. Dozens of people pour out of the ballroom in search of the Snap-On party.

On a lark, the entire Hyman group heads up a flight of stairs to Snap-On.

9:30 p.m. — Entering the brightly lit Snap-On party, the group is greeted by the sleepy sounds of banjo music. The same two mini-skirted women are seated together at a large table. The rest of the room is largely filled with older couples, dancing to banjo music.

Hyman and Cates look at each other.

"I think we made a mistake," Hyman says to his manager — his friend since junior high school.

9:34 p.m. — Hyman and Cates hurry back downstairs to Pontiac, losing most of the rest of the group during the move. Hyman says he regrets leaving the Pontiac party.

10:28 p.m. — Phil Dirt and the Dozers have stopped playing after an encore. The bright lights are on and hotel staffers are shaking tablecloths and moving tables. Hyman and Cates are standing at the center of the room in an energetic conversation about Customer Satisfaction Index ratings and the future of the industry.

10:45 p.m. — They adjourn to a hotel bar where their discussion continues. A nearby group of boisterous conventioners is singing the Mickey Mouse theme song.

"I hate to keep harping on this, Johnny," Hyman says, "but I just think Saturn's going to be the way of the future. Retailers have to give customers a real, solid price and stop playing games with people. People are getting tired of that."

11:48 p.m. — The two finish their cocktails and walk to the door as the conventioners are wailing "The Star Spangled Banner."

Monday, 12:50 p.m. — Cates and Hyman attend a seminar by industry analyst Maryann Keller. Hyman's father, believing Keller to be a relentless critic of GM, refuses to attend.

During her presentation to a standing-room-only audience, Keller is largely positive about GM's progress and future. She confirms Hyman's attitudes by remarking that Saturn's retail con-

cepts will spread through the industry during the 1990s.

2:15 p.m. — Hyman and Cates encounter John Clements, an acquaintance from Petersburg, Va.

Clements: Do you get the idea that GM's trying to sell some program cars right now?

Cates: Yeah, but I don't know how I feel about it. One day I think I ought to take some, and the next day I don't want to touch them. You're not going to get incremental sales with them. All you're doing is taking a new-car buyer and putting him into a used car.

2:55 p.m. — Back on the exhibit floor, Hyman finally has his picture made at the Batmobile, then stops by the General Motors booth. A touch-screen computer system with a talking-head video presentation guides Hyman through several steps that will give him a color print-out of his Buick CSI performance.

As the print-out slowly appears, GM dealer representative Jim Herwalt steps up to assist Hyman. Herwalt peruses Hyman's CSI ratings, which indicate that he scores consistently in the company's highest percentiles. Hyman's overall dealership CSI weighs in at 94 percent — 100 being perfection.

Herwalt: These numbers look real good. How large is your dealership?

Hyman: We sell about 1,200 a year.

Herwalt (raising his eyebrows): Well. That kind of CSI is very commendable. It's hard to attain that level, and hard to maintain it. We need about 2,944 more Buick dealers just like you.

Herwalt pins a "World Class" lapel button on Hyman and gives him a second one to take home for an employee.

"When we took over that dealership in 1987," Hyman explains as he leaves the booth, "we were one of the 20 worst Buick stores in the country in CSI. We're now in the top 20."

7:50 p.m. — During the final evening in Atlanta, Hyman sums up his impression of NADA over dinner at the Pleasant Pheasant. "To me, this whole convention confirmed that the industry's really going through a change right now," he tells his parents and the managers. "To succeed now, you've got to get away from that hard-sell stuff. You can't hammer people to get them to buy. I don't think I would have said that a couple of years ago."

8:05 p.m. — Hyman raises his wine glass with a toast: "Let's never have another December 1990," he says.

10-DAY SALES

See story on Page 3
DOMESTIC BUILT CARS

	Feb. 1-10, 1991	% change '91 vs. '90
Eagle	830	- 9.0
Chrysler	2,822	- 9.0
Dodge	8,134	- 2.6
Plymouth	4,814	- 16.5
CHRYSLER CORP.*	16,600	- 8.4
Ford	22,353	- 43.5
Lincoln	3,847	- 17.7
Mercury	5,231	- 38.4
FORD MOTOR	31,431	- 40.4
Buick	10,176	- 3.2
Cadillac	5,361	+ 18.3
Chevrolet	25,095	- 23.5
Oldsmobile	8,204	- 54.3
Pontiac	13,084	+ 5.6
Saturn	443	-
GENERAL MOTRS.	62,363	- 22.3
HONDA	6,217	- 23.6
MAZDA	1,469	+ 54.3
NISSAN	2,987	- 381.0
NISSAN	1,363	- 16.3
SUBARU	655	-
SUZUKI	6	-
TOYOTA	3,458	- 50.5
U.S. CAR TOTAL	126,549	- 25.3
TRUCKS		
Chrysler	144	- 193.9
Dodge	7,200	- 32.0
Jeep	3,312	- 22.2
Plymouth	3,168	+ 1.2
CHRYSLER CORP.*	14,400	- 20.1
FORD MOTOR	21,903	- 39.0
Chevrolet	18,662	- 41.4
GMC	4,703	- 32.4
Oldsmobile	442	- 35.0
Pontiac	346	- 39.0
GENERAL MOTRS.	24,153	- 39.7
ISUZU	316	-
MAZDA	176	-
NISSAN	1,647	- 44.4
SUZUKI	49	-
U.S. TRK. TOTAL	62,644	- 38.4
U.S. CAR-TRUCK TOTAL	189,193	- 30.0

*Estimated

IMPORTED CARS

Reported

Ford	658	- 63.2
Mercury	1,481	+ 20.0
FORD MOTOR	2,139	- 29.2
Chevrolet/Geo	1,388	- 67.8
Pontiac	732	- 8.4
GENERAL MOTRS.	2,120	- 58.5
Acura	2,119	- 30.4
Honda	3,366	- 23.3
HONDA	5,485	- 26.2
SUZUKI	8	- 34.9
Lexus	733	- 24.2
Toyota	5,242	- 39.6
TOYOTA	5,975	- 38.1
Total Reported	16,719	- 37.7

Estimated*

ALFA ROMEO*	50	-
ASTON MARTIN*	1	-
BMW*	510	-
Eagle	121	-
Chrysler	0	-
Dodge	537	-
Plymouth	209	-
CHRYSLER CORP.*	867	-
DAIHATSU*	90	-
FERRARI*	16	-
HYUNDAI*	1,502	-
ISUZU*	91	-
JAGUAR*	102	-
LAMBORGHINI*	3	-
LOTUS*	5	-
MASERATI*	4	-
MAZDA*	2,005	-
MERCEDES-BENZ*	676	-
MINI*	990	-
NISSAN*	3,049	-
NISSAN	3,421	-
PEUGEOT*	69	-
PORSCHE*	48	-
ROLLS-ROYCE*	20	-
SAAB*	205	-
STERLING*	41	-
SUBARU*	656	-
Audi	169	-
Volkswagen	1,282	-
VOLKSWAGEN*	1,451	-
VOLVO*	1,051	-
YUGO*	74	-
Total Estimated*	14,228	-
IMPORTED CAR TOTAL	29,947	-

IMPORTED TRUCKS

GENERAL MOTRS.	0	- 100.0
SUZUKI	157	- 25.9
TOYOTA	3,596	- 23.0
Total Reported	3,753	- 20.4
Estimated*		
CHRYSLER*	128	-
DAIHATSU*	79	-
ISUZU*	1,736	-
MAZDA*	2,580	-
NISSAN*	796	-
NISSAN	3,481	-
RANGE ROVER*	83	-
VOLKSWAGEN*	96	-
Total Estimated*	5,477	-
IMPORTED TRUCK TOTAL	9,230	-
IMPORT CAR-TRUCK TOTAL	39,177	-

TOTAL INDUSTRY CARS & TRKS. 228,378 - 30.3

There were 8 selling days in the period this year and 9 last year.

INCENTIVE WATCH
CUSTOMER INCENTIVES

	Rebate	Expiration Date
Chrysler Corp. (1989-90)		
Chrysler	\$500-2,000	3/31
Dodge cars	\$700-1,500	3/31
Dodge trucks	\$500-2,500	3/31
Eagle	\$700-1,500	3/31
Jeep	\$500-2,000	3/31
Plymouth	\$700-1,000	3/31
All minivans	\$1,000	3/31

Finance rates in lieu of rebate start at 5.9 percent.

Chrysler Corp. (1991)		
Chrysler	\$500-1,000	3/31
Dodge cars	\$500-1,000	3/31
Dodge truck	\$300-1,500	3/31
Eagle	\$400-700	3/31
Jeep	\$700	3/31
Plymouth	\$400-1,000	3/31

All minivans \$500 3/31
Finance rates in lieu of rebate start at 5.9 percent.

Ford Motor Co. (1990)		
Ford Festiva	\$700	2/28
Ranger	\$1,500	2/28
All Lincoln	\$1,500	2/28

Ford Motor Co. (1991)		
Ford Escort, Festiva	\$500	2/28
Ranger	\$1,000	2/28
Mercury Tracer	\$500	2/28
Grand Marquis	\$1,000	2/28

Finance rates in lieu of rebate, starts at 7.9 percent for 48 months or less.

General Motors (1990)		
Buick Reatta*	\$2,000	4/7
Other Buick*	\$250-1,000	4/7
Cadillac	\$1,200	4/7
Chevrolet Geo	\$300-800	4/7
Corvette	\$3,000 (GM employees)	4/7
Other cars	\$400-750	4/7
Trucks	\$500-1,500	4/7
GMC	\$500-1,500	4/7
Oldsmobile	\$750-1,250	4/7

Pontiac Bonneville \$400-1,000 4/7
*Based on option package selected
All makes except Cadillac offer cut-rate financing in lieu of rebates.

General Motors (1991)		
Buick Reatta	\$2,000*	4/7
Other Buick	\$250-1,000*	4/7
Cadillac Brougham	\$1,500	3/31
Chevrolet Geo	\$300-800	4/7
Corvette	\$3,000 (GM employees)	4/7
Other cars	\$400-750	4/7
Trucks	\$500-1,000	4/7
GMC	\$500-1,000	4/7
Oldsmobile	\$500-1,000	4/7
Pontiac	\$400-750	4/7

*Based on option package selected

Hyundai (1991)		
Cars	\$500-1,575	4/3
Trucks	\$886-1,250	2/28

Subaru		
Justy ECVT (1990-91)	\$500	5/2
Loyale (1991)	\$300-\$1,050	3/4

Toyota (1991)		
Celica GT, 4Runner	\$800 discount on options	10/1

INCENTIVE WATCH
DEALER INCENTIVES

	Rebate	Expiration Date
Chrysler Corp. (1990)		
Dodge Ram D-W, Club wagon, Ramcharger	\$1,000	3/31
Jeep	\$400-3,000	3/31

Chrysler Corp. (1991)		
Colt, Summit	\$400-700	3/31
Dodge Trucks	\$1,000	3/31
Jeep	\$400-3,000	3/31

Ford Motor Co. (1990)		
Ford Taurus SHO	\$3,000	2/28
Other cars	\$800-1,500	2/28
Ford Bronco	\$2,000	2/28
Other trucks	\$900-1,100	2/28

Mercury Topaz	\$800	2/28
Sable	\$1,100	2/28
Cougar	\$1,200	2/28
Grand Marquis	\$1,500	2/28
All Lincoln	\$2,000	2/28

Ford Motor Co. (1991)		
Ford Taurus SHO	\$1,000	2/28
Crown Victoria	\$750	2/28
Other cars	\$100-700, based on sales	2/28
Ford trucks	\$100-700, based on sales	2/28
Mercury Topaz, Cougar, Sable	\$100-700, based on sales	2/28

General Motors (1990-91)		
Corvette	\$1,000-3,000, quota	4/7
Chevrolet C1500	\$500	4/7

Pontiac 1990*		
6000, Trans Sport	\$400	4/7
Grand Prix, Bonneville	\$1,000	4/7

*Rebate increased by \$1,000 if dealer gives up rebates on 1991 models.

Pontiac 1991		
Sunbird, Trans Sport	\$400	4/7

Acura (1990-91)		
Integra	\$300	4/2

Audi (1991)		
Accord	\$1,500-4,000	2/28

Honda (1990-91)		
Accord	\$300	3/31

Hyundai		
1990 models	\$1,000-2,000	4/3
1991 Sonata	\$100-500, quota	4/3

Isuzu (1990-91)		
Trooper, Pickup	\$600-1,700, quota	3/31

Mitsubishi (1990-91)		
Cars, trucks	0-\$2,000, quota	2/28

Nissan (1990)		
Pathfinder	\$1,500	4/2

Nissan (1990-91)		
Stanza	0-\$1,500, quota	4/2
Pickups	\$1,200	4/2

Peugeot (1990)		
Subaru	\$2,000	None

Subaru		
XT (1990-91)	\$2,000	5/2
Loyale (1991)*	\$500-1,700	5/2
Loyale (1990)	\$800-1,500	5/2

Suzuki (1990-91)		
Swift	\$400-1,000	4/3
Sidekick	\$1,000-2,000	4/3

Toyota (1989-91)		
Corolla and Camry	\$200-1,000, quota	4/3
Celica	\$200-1,500, quota	4/3
Trucks	\$200-1,000, quota	4/3

Volkswagen (1990)		
Cars	\$500-1,500	None

Pontiac gives rebates a new look

Dealers get \$1,000 extra on '90s if they give up '91 payments

By Francis J. Gawronski
AUTOMOTIVE NEWS STAFF REPORTER

Pontiac, Subaru and Saab announced dealer and consumer incentives last week.

To help clear dealer inventories of 1990 models, Pontiac announced a program in which dealers can receive higher cash rebates on 1990 models if they forego rebates on 1991s.

The program pays \$400 on 1991 Sunbird and Trans Sport, \$400 on 1990 Trans Sport and 6000 and \$1,000 on 1990 Bonneville and Grand Prix. If the dealer gives up the rebate on the 1991 models, he receives \$1,400 on 1990 Trans Sport and 6000 and \$2,000 on 1990 Grand Prix and Bonneville.

Subaru of America Inc. adopted new per-unit incentive programs

CONVENTION

FROM PAGE 1

money that many of them could not afford. "The story at the convention is not who is here, but who is not here," Jenkins said. "The dealers here are not as pessimistic as the dealers who didn't show up."

About 823 people who had registered to attend the convention canceled by Jan. 10. NADA refunded more than \$33,000 to those people.

The cancellations included 208 dealers, 144 dealership managers, 30 people from allied industries, 243 dealer relatives and 198 people from companies that were exhibitors. The biggest block of cancellations came from the General Group, a service contract company that filed for bankruptcy last fall.

But Robert Arnold, a long time Pontiac-GMC dealer in Houston, Pa., said he can recall worse times.

"I remember 1958 when you couldn't give a car away," Arnold said. "Then in 1973 and 1981 when you couldn't put gas in them."

Dealers seemed to take this convention a lot more seriously than some in the past.

Instead of sitting at the bar, playing golf or just plain carousing, some were more intent on attending workshops to learn more about the trends of the business.

Dealers most content seemed to be those affiliated with Mitsubishi Motor Sales of America Inc. Mitsubishi is growing and is introducing a new luxury car in April.

"Excellent product helps, and we're getting that," said Ramsay Gillman, chairman of the Mitsubishi dealer council.

Luxury carmakers such as BMW and Mercedes-Benz complained about the new luxury tax and discussed ways to help head off sales declines.

Japanese giants Honda and Toyota canceled parties due to the war in the Persian Gulf. Toyota contributed the \$500,000 it had budgeted for its NADA party to the Armed Forces YMCA, but dealers wanted a party.

"We're all here; they could have shown us some appreciation," said a Toyota dealer who did not want to be identified.

Even spouses took note of the more somber convention.

Mary Ann Cummins, wife of a Pittsburgh Volvo dealer, said she was disappointed at the general downbeat mood in Atlanta.

"I come to socialize," Cummins said. She observed at most parties "they cut down on the champagne, and people are not as bubbly and upbeat."

for both dealers and customers on 1990 and 1991 models.

Dealer rebates on the 1991 base Legacy L are: \$500 on the four-wheel-drive model, \$750 on the front-wheel-drive model, \$900 on the 4wd model with value package, and \$1,500 on the fwd model with value package.

The Legacy LS 4wd model pays dealers \$1,200, and Legacy fwd models pay \$1,700. Dealers also receive an additional \$1,000 for sales of 1990 Legacies.

Rebates on 1990 Loyale models are \$1,500 on the fwd sedan and fwd and 4wd wagons. Rebates on all other 1990 Loyales are \$800.

Sales of all 1990 and 1991 XT models pay dealers \$2,000 in a move to clear dealer inventory for the debut of the 1992 Subaru SVX

sport coupe in August.

The consumer cash rebate on all 1990 and 1991 Justy models with the electronic continuously variable transmission is \$500. The Justy program runs through May 2.

Rebates on the 1991 Loyale are \$500 on the fwd sedan with five-speed manual transmission and \$1,050 on the automatic model, \$300 on all 4wd wagons and \$500 on the all fwd versions. After that consumer program expires March 5, rebates on selected Loyale models will be \$500 through May 2.

Saab-Scania of America Inc. is offering consumer finance rates of 2.15 percent on the 900 series and 4.35 percent on the 9000 series on contracts of 24, 36 or 48 months. The offer ends March 31.

Toyota backs troops with \$500,000

Dealers handling Japanese and German vehicles are worried about a consumer backlash because Germany and Japan have not sent troops to support the U.S.-led war effort in the Persian Gulf, but at least one importer is not patiently waiting for criticism.

Toyota Motor Sales U.S.A. Inc. last week made a gesture of support for U.S. forces in the Persian Gulf, donating \$500,000 to the Armed Forces YMCA, an

arm of the YMCA that supports U.S. military families around the world.

Part of the money was what Toyota and Lexus saved by not hosting receptions at Atlanta hotels during last week's National Automobile Dealers Association convention. Like Honda and Acura, Toyota said it believed it was inappropriate to have a big party when the nation is at war.

— Kristine Steven Bresse

The General Motors divisions thrilled people the most. At Pontiac's party, you couldn't find room on the dance floor; Pontiac definitely built excitement.

Oldsmobile provided a carnival theme, and GMC had a fortune teller on hand.

"Here it is a war and a recession, and you wouldn't even know it," said a smiling guest at the Oldsmobile party.

But there is a recession and dealers came to learn how to sell more cars.

They heard from outgoing NADA President Ray Green, who

● I remember 1958 when you couldn't give a car away. Then in 1973 and 1981 when you couldn't put gas in them. ●

Robert Arnold
Houston, Pa., dealer

predicted that 1991 could bring a record 15 million-unit year for used vehicles and a 10 to 11 percent growth in service and parts business.

They heard from GM Chairman Robert Stempel, who told them teamwork between the factories and dealers is the key to success.

GM President Lloyd Reuss told minority dealers that "winners do not think about the opposite of success."

Concluded NADA President Anderson: "I think it will boil down to those dealers who have a good relationship with the customer."

GMC dealers air no major gripes at make session

ATLANTA — GMC Truck dealers had little to complain about at their make meeting at the National Automobile Dealers Association convention. Warranty administration and floorplanning were major topics.

Most of the dealers indicated support for an increase in floorplanning aid from 1.3 percent of invoice to 1.8 percent, with the added half point placed on invoice price rather than on the sticker.

Although that would reduce dealer margins on the vehicles, it would improve cash flow and would present the possibility of making more money when the vehicle is sold quickly.

General Manager John Rock said the positive response would be discussed with corporate officials who make those decisions.

GMC officials also said they will consider changing the way warranty claims are handled. Now, dealers are required to list every part needed for a repair, and if an error is made in one part number, the whole claim is returned to the dealer for correction.

GMC officials said they will look at allowing payments for everything except the part on which the error was made. The dealer would then correct the error and resubmit the claim for payment for that part.

Dealers said they would like a 5 percent allowance on 1991-model buildout vehicles, regardless of when they are sold. In 1990, General Motors paid the 5 percent on sales through Dec. 31 and rebates of only \$150 for sales after that.

SATURN

FROM PAGE 1

3,000 non-affected owners to let them know they didn't have to worry, said Bruce MacDonald, vice president of communications.

The bill for postage: more than \$36,000.

"Notifying non-affected owners, to my knowledge, has never been done before," said Donald Hudler, Saturn's vice president of sales, service and marketing.

Although the problem was detected and corrected in manufacturing in November, the decision to recall wasn't made until about two weeks ago, when reports of failures began to mount.

MacDonald said no injuries or accidents occurred as a result of the problem, and Saturn knows of only 19 failures of the part.

Hudler said Saturn asked dealers to do whatever is necessary to eliminate customer inconvenience, including offering free loaner cars, picking up affected vehicles at homes or offices, or making repairs where the owners live or work. Saturn will cover the cost of repairs, but dealers may pay for the cost of some of the goodwill gestures such as washing a car or topping off a gas tank, said spokesman Mark Tanner. Tanner said he didn't know if Saturn or the dealers would pay for loaners.

Tanner said he didn't know how much the recall might cost or whether the supplier of the faulty seat mechanism might be asked to pay anything toward the fix. Labor rates for repairs vary greatly across the country, from \$40 to \$60 per hour. Saturn estimated that it will take 1½ hours to correct the problem, but Hudler said it may take less than an hour.

In a briefing with all 58 dealerships over the General Motors Pulsar satellite network, Saturn President Richard G. LeFauve and other top officials told the dealers how the problem occurred, how to correct it and how to respond to customers.

"Things like this test how good you are," Hudler said in an interview. "It may plant a seed of doubt, but people will be hearing how consistently they're treated and how well. I'm sure some of the critics and pundits will have some fun with it, though."

Hudler said Saturn will do anything necessary to avoid inconveniencing its buyers.

"To err is human, and how you respond to it is far more important," Hudler said. "We studied Lexus. They turned a negative into a positive."

In November 1989, Lexus Division of Toyota Motor Sales U.S.A. Inc. was forced to recall 8,000 of its \$35,000 flagship LS400 models to correct safety defects. The cars had been on sale only a few months.

Lexus's skillful handling of the recall actually enhanced the Lexus reputation for quality and service.

Saturn's quest for quality has led the company to halt production to assure quality in the General Motors subsidiary's first half-year of production.

Hudler said the two biggest problems with most recalls — Saturn calls this a "customer satisfaction campaign" — are getting information to customers and dealers, and a lack of parts.

The overnight letters and satellite feed took care of the information, and all the needed repair parts were to be at dealerships by last Friday, Hudler said.

The message to dealers was to make customers happy.

"We said the cars ought to be fully cleaned, interior and exterior;

PRODUCTION

U.S. CAR	Week Ended Feb. 16, 1991	Week Ended Feb. 9, 1991	Feb. To Date	Jan. 1 to Feb. 16, 1991	Jan. 1 to Feb. 17, 1990
Horizon	0	0	0	0	4,578
Sundance	0	2,368	2,813	4,595	7,155
Acclaim	0	2,401	2,971	13,777	7,982
Total Plymouth	0	4,769	5,785	18,372	19,715
LeBaron A	0	0	0	0	760
LeBaron J	0	0	334	2,690	300
N. Yorker C-Class	0	230	276	1,555	1,941
Fifth Avenue	0	705	847	4,333	2,748
Imperial	0	194	234	1,269	2,124
Total Chrysler	0	1,129	1,691	9,847	7,873
Omni	0	0	0	0	4,308
Daytona	0	0	116	1,075	200
Shadow	0	2,423	2,936	4,986	8,379
Dynasty	0	3,831	4,599	19,567	11,766
Spirit	0	2,509	2,920	12,705	9,880
Total Dodge	0	8,763	10,571	38,333	34,531
CHRYSLER CORP.	0	14,661	18,046	66,552	62,121
Escort	0	5,279	5,279	18,177	14,105
Mustang	0	0	512	4,752	17,629
Tempo	0	3,332	3,332	10,498	12,500
Taurus	3,893	3,779	9,347	32,375	49,921
Thunderbird	0	0	689	4,788	10,270
Total Ford Div.	3,893	12,390	19,160	70,590	104,435
Topaz	0	1,073	1,073	4,035	4,194
Cougar	0	0	425	4,158	5,040
Sabre	1,224	1,468	3,060	9,190	9,966
Total Mercury	1,224	2,541	4,559	17,383	19,200
Continental	1,179	1,177	2,597	7,658	7,069
Mark VII	210	211	463	1,349	3,517
Town Car	2,771	2,772	6,109	18,037	21,215
Total Lincoln	4,160	4,160	9,169	27,844	31,801
Total L-M Div.	5,384	6,701	13,727	44,427	51,001
FORD MOTOR CO.	9,277	19,091	32,887	115,017	155,436
Roadmaster	40	40	88	279	0
Skyline/Somerset	2,500	2,487	5,495	16,120	8,242
Century	2,598	2,114	4,712	7,928	7,196
Riviera	347	318	735	1,495	2,454
Electra/Park Ave.	2,882	2,698	6,176	15,386	11,006
LeSabre (hwd)	4,186	3,994	8,980	25,693	16,620
LeSabre (nwd)	0	0	0	0	611
Regatta	44	33	85	18	910
Total Buick	12,597	11,684	26,271	67,009	47,309
Eldorado	438	439	963	1,855	2,082
Seville	811	758	1,743	3,631	2,857
Brougham (nwd)	0	400	449	2,482	3,885
DeVille (hwd)	3,250	2,944	6,806	19,715	15,838
Atlantis	64	64	141	410	455
Total Cadillac	4,563	4,605	10,182	28,133	25,127
Cavalier	6,192	5,319	12,611	35,489	26,931
Camaro	0	0	0	4,029	0
Corsica/Beretta	2,160	2,213	5,618	25,332	32,238
Caprice	1,028	2,782	4,425	16,429	11,294
Corvette	468	480	1,046	3,060	2,240
Total Chevrolet	9,840	10,794	23,699	84,699	72,783
Catalyst	1,820	1,853	4,054	11,612	8,938
Cutlass Ciera	1,328	1,696	3,024	6,357	8,554
Cutlass Supreme	2,113	2,200	4,751	13,599	7,084
Toronado	196	179	415	845	2,593
88 (hwd)	1,973	1,906	4,286	12,049	10,163
88 (nwd)	0	0	0	0	456
98	2,030	1,847	4,260	11,971	5,908
Total Oldsmobile	9,460	9,681	20,789	56,433	43,696
Sunbird	2,910	2,500	5,891	15,899	11,383
Grand Am	4,800	4,708	10,482	22,976	13,986
Firebird	0	0	0	1,003	0
Grand Prix	0	0	634	8,823	7,200
Pontiac 6000	968	1,007	1,975	4,222	5,794
Bonneville	1,486	1,316	3,056	7,081	10,843
Total Pontiac	10,164	9,531	22,039	60,004	49,206
Total Saturn	910	910	2,001	5,045	0
GENERAL MOTORS	47,542	47,205	104,901	301,333	237,771
DIAMOND-STAR	3,137	3,166	6,929	20,453	17,837
Civic	1,920	1,846	4,111	11,372	17,794
Accord	7,205	7,443	16,117	47,008	40,586
HONDA	9,125	9,289	20,228	58,380	58,380
MAZDA	3,000	3,499	7,702	19,564	22,408
NISSAN	2,000	2,000	6,347	19,851	15,955
Corolla	2,100	2,079	4,914	13,983	13,983
Geo Prizm/Nova	2,100	2,065	4,600	13,702	13,050
NUMMI	4,200	4,144	9,214	27,295	26,602
SUBARU-ISUZU	1,250	1,210	2,719	7,753	3,920
TOYOTA	4,440	4,784	9,602	29,498	29,494
TOTAL BIG 3	56,819	60,957	155,834	482,902	455,328
TOTAL TRANSPLANT	28,708	28,460	62,827	182,705	174,406
TOTAL CARS, U.S.	85,527	109,417	218,661	665,687	629,734
TOTAL CARS, CANADA	16,276	13,945	34,083	115,152	107,745
U.S., CANADA CARS	101,803	123,362	252,744	780,759	737,479
U.S., CANADA CARS AND TRUCKS	164,735	175,955	383,257	1,204,861	1,280,795

Monthly estimates may contain error of one or two units due to rounding.

*Estimate †Total includes MDX-6, 626, and Ford Probe

CANADIAN CAR

Week Ended Feb. 16, 1991	Week Ended Feb. 9, 1991	Feb. To Date	Jan. 1 to Feb. 16, 1991	Jan. 1 to Feb. 17, 1990
Monaco	400	0	400	1,894
Premier	875	0	875	401
CHRYSLER CORP.	1,275	0	1,275	2,295
Tempo	3,686	3,442	7,128	12,501
Topaz	898	88	1,785	3,423
Crown Victoria	3,129	2,341	5,950	10,420
Grand Marquis	208	81	289	11,606
FORD MOTOR CO.	7,921	6,751	15,152	26,633
Celebrity	0	0	0	1,861
Cutlass Ciera	0	0	359	7,877
Lumina	0	0	935	19,073
Regal	0	0	667	13,135
GENERAL MOTORS	0	0	1,961	40,885
CAMI	2,500	2,500	5,540	17,047
HONDA	2,150	2,190	4,763	14,103
HYUNDAI	900	976	2,029	5,933
TOYOTA	1,350	1,348	2,966	8,907
VOLVO	180	180	396	1,169
TOTAL CARS, CANADA	16,276	13,945	34,083	115,152

U.S. TRUCK

Week Ended Feb. 16, 1991	Week Ended Feb. 9, 1991	Feb. To Date	Jan. 1 to Feb. 16, 1991	Jan. 1 to Feb. 17, 1990
Caravan	1,950	2,058	4,463	13,658
Dakota	1,950	1,852	3,802	6,911
Caravan C/V	50	73	134	406
Ram pickups	1,950	1,832	3,782	6,909
Total Dodge	5,900	5,815	12,181	27,884
Cherokee	0	0	789	6,687
Comanche	0	0	63	557
Grand Wagoneer	0	0	0	560
Wagoneer/Granwood	0	0	24	202
Total Jeep	0	0	876	7,446
Voyager	1,550	1,396	3,245	10,400
Town & Country	50	41	129	379
Total C-P Div.	1,600	1,437	3,373	10,779
CHRYSLER CORP.	7,500	7,252	16,431	46,109
Aerostar	0	3,990	3,990	13,607
Bronco	0	0	151	1,326
Bronco II/Explorer	5,813	5,387	12,238	33,432
Navigator	407	405	890	2,554
Econoline	3,951	0	4,691	12,490
Mediums/Heavy	1,062	0	1,288	4,903
Light trucks	0	3,060	4,291	23,010
Ranger	3,538	2,490	7,056	26,961
Total Ford Div.	14,771	15,332	34,595	118,283
FORD MOTOR CO.	14,771	15,332	34,595	118,283
Astro	1,913	921	2,834	8,712
Blazer	204	207	453	956
Lumina APV	0	0	294	3,854
Mediums/Heavy	80	232	373	1,358
P-Model	450	417	867	1,498
Pickups	2,143	308	3,617	20,308
S-10	4,031	445	4,937	27,138
S-10 Blazer	280	0	373	3,803
Sportsvan/Van	995	667	1,662	3,091
Suburban	546	469	1,142	2,867
Total Chevrolet	10,642	3,666	16,551	73,585
Jimmy	77	68	158	353
Mediums/Heavy	520	345	923	2,373
P-Model	50	82	132	341
Pickups	1,651	72	2,293	8,135
S-15/Sonoma	1,335	0	1,454	6,905
S-15 Jimmy	720	0	772	2,687
Safari	823	608	1,431	3,934
Suburban	578	632	1,303	2,406
Vandura/Rally Vans	385	578	943	1,474
Total GMC	6,119	2,385	9,408	28,608
Silhouette	0	0	96	1,110
Bravada	630	0	740	2,744
Total Oldsmobile	630	0	836	3,997
Pontiac Trans Sport	0	0	151	2,058
GENERAL MOTORS	17,391	6,051	26,948	108,105
NAVISTAR	1,600	1,615	3,547	9,476
NISSAN	2,770	2,782	6,086	18,976
SUBARU-ISUZU	1,200	1,174	2,614	7,562
AM GENERAL	400	400	880	2,850
MISCELLANEOUS	2,650	2,650	5,300	18,900
TOTAL TRUCKS, U.S.	48,282	37,236	96,930	330,261

CANADIAN TR

NOTE

ONLY THE FOLLOWING PAGES OF THIS

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Automotive News

February 25, 1991

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U.S. energy plan gives industry a breather

By Diana T. Kurylko
AUTOMOTIVE NEWS STAFF REPORTER

WASHINGTON

Bryan tries to corner makers, Page 2

— The Bush administration has delivered an energy plan to Congress that conspicuously lacks a fuel-economy program and boosts research and credits for alternative-fueled cars.

Most of the plan is just what the industry has been asking for. But makers aren't applauding too loudly. It quickly became clear that the impending dog fight in Congress on how to implement a new national energy strategy could be as vicious as last year's battle over a new clean air bill. But this debate has the backdrop of a Persian Gulf war that many believe is being fought over oil.

Powerful Democratic senators declared last Thursday, a day after President Bush unveiled the plan, that the 214-page National Energy Strategy doesn't stand chance of becoming law. They warned that there will be no oil exploration in the pristine Arctic National Wildlife Refuge — a key element of the strategy — without more conservation programs, including higher fuel economy standards.

"The deficiency in this whole plan is the refusal to have more mandates — if we hadn't passed CAFE in the mid-70s, the U.S. auto industry would really be in bad shape," said Sen. Dale Bumpers, D-Ark. He suggested a 2 mpg increase in corporate average fuel economy standards would save more oil than what's contained in the northern slope of Alaska.

Bush's plan does not propose to

boost CAFE above the current 27.5 mpg, despite bills in the Senate and House of Representatives that seek drastic increases.

But at a Senate hearing the day after the plan's introduction, the administration said it might be willing to negotiate. "I am not against some kind of fuel efficiency increase," Energy Secretary James Watkins told the Senate Energy

see ENERGY, page 37

LINCOLN

'80s were great;
CSI is theme until
new lines for '93

By Laura Clark
AUTOMOTIVE NEWS STAFF REPORTER

The Lincoln brand boomed in the 1980s, despite average quality and capacity constraints. Now, Ford Motor Co. is hoping new engines and a new push toward quality at the dealership will help the division keep its momentum until the redesigned 1993 Continental sedan and Mark VIII sport coupe arrive.

Styling has been critical to Lincoln's success, and the Mark VIII will be another bold stroke. Managers hope its European flavor and handling will be as big a success as the 1988 Continental and 1990 Lincoln Town Car.

In the meantime, Lincoln will have a tough time trying to extend its three-year record of beating the previous year's sales. War and recession are obvious villains in the 34.4 percent sales decline Lincoln suffered between Jan. 1 and Feb. 10, but that doesn't quite explain why Cadillac, with similar products, was down only 13.2 percent in the same period.

A Lincoln spokesman suggested it may be based in fleet orders.

see LINCOLN, page 35



AUTOMOTIVE NEWS/JANE WILSON

"We are not targeting Cadillac as an objective, we're targeting our own numbers," says Ross Roberts, the general manager of Lincoln-Mercury.

In smog fight as in style, automakers follow Coast

By Kristine Stiven Breese
AUTOMOTIVE NEWS STAFF REPORTER

LOS ANGELES — The air may be murky, but the mandate is clear: Companies selling vehicles in California must clean up their act.

The toughest clean-air rules in the land were adopted in California last September by the state's Air Resources Board. The regulations, which mandate cleaner cars burning cleaner fuels, have automakers and the fuel industry jumping.

They face huge questions about cost, consumer acceptance and the readiness of technology. Regardless, the agency is mandating that cleaner vehicles be built — and sold.

Automakers have little choice but to comply. If they don't, they'll be left out of the market that accounted for about one of every seven cars and trucks sold in the United States last year. And just as California has set the tone for U.S. trends in design, it is now leading the way on controlling emissions.

The state's curbs on carbon monoxide, nitrogen oxide and hydrocarbon emissions — already the strictest in the land — will become even more stringent. Beginning in the 1994 model year, when the first "transitional low-emission vehicles" are mandated, they will get progressively tighter and involve

more vehicles.

By 2003, companies that sell 3,000 cars and light trucks annually in California will have to meet demands for a range of "low-emission," "ultra-low-emission" and "zero-emission" vehicles.

The mandates have helped spur a multibillion-dollar race among automakers to bring alternative fuel and electric vehicles to the

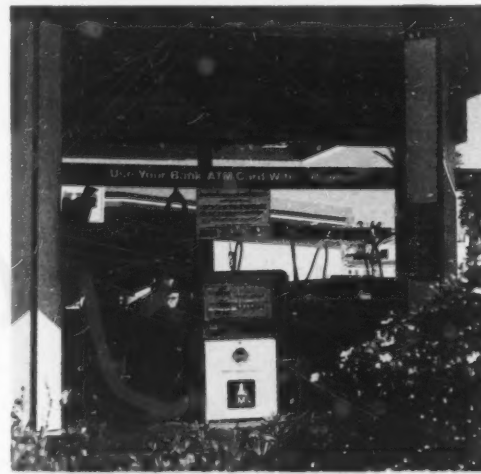
CALIFORNIA DRIVEN

market. U.S. manufacturers and those in Europe and Asia have engineers studying the California laws and are taking steps to meet the new standards. Indeed, California's air rules will be among the topics addressed this week at the SAE meeting in Detroit.

For the most part, manufacturers argue that the new regulations are too stringent and that meeting them will make vehicles prohibitively expensive.

Current estimates put the cost per vehicle at \$70 to \$170 for low-emission vehicles running on ultra-clean gasoline; \$200 to \$1,500 for conversions to methanol; \$2,000 to \$2,200 for propane; \$2,500 to \$3,500 for compressed natural gas; and \$6,000 to \$20,000 for electric.

see CALIFORNIA, page 33



This gas station on Wilshire Boulevard in Los Angeles is one of 23 in California that have begun to carry methanol. It sells about 500 gallons a month.

TIM PETROS

Europe ignores U.S. cars, despite a weak dollar

By Richard Johnson
AUTOMOTIVE NEWS STAFF REPORTER

RUSSELSHEIM, Germany — Several years after launching what was billed as a "major" export drive on the engineering and styling bastions of Europe, the U.S. Big 3 still have not broken out of their tiny, niche beachhead into the open markets beyond.

Despite the windfall advantages of the weakest dollar in history — a factor that reduces the relative price of American products abroad — the U.S. automakers last year

sold only 58,950 U.S.-built cars and light trucks in Europe, a barely measurable 0.44 percent of a total market of 13.4 million.

Of the 58,950, only 14,493 were passenger cars.

To be sure, the companies face formidable obstacles in Europe — a lack of distributors and dealers, expensive modification and certification procedures and the need to market in a dozen languages. And not the least of their problems is the snobbish attitude of Europeans themselves toward the quality of

the arriviste American products.

"When I go to America, I'm amazed at the lack of styling and the poor quality of cars there," says Bob Barber, an automotive industry analyst at James Capel & Co. Ltd. in London. "You couldn't sell them in Europe."

Of the Buick Park Avenue, a car slated to debut in Europe and whose "European" styling and engineering have been widely lauded in the U.S. press, Barber says:

"In European eyes, it is ugly. I see EXPORT, page 34

Tough times at Chrysler

As it struggles to reduce its payroll, Chrysler Corp. is exploring the possibility of offering special early retirement to UAW hourly employees. Story on Page 2.

Bryan tries to corner makers on CAFE gains

By Diana T. Kurylko
AUTOMOTIVE NEWS STAFF REPORTER

WASHINGTON — The Senate's leading advocate for stricter fuel economy rules challenged six auto companies to name the gains they could make in the 1990s.

Two gave answers, and the other four refused.

The mixed responses came as the industry testified before a Senate subcommittee headed by Sen. Richard Bryan, D-Nev. Last week's hearing marked the first formal action on Bryan's new bill to raise CAFE levels 20 percent by model year 1996 and 40 percent by 2001.

Bryan's and other CAFE measures died last year while Congress tried, without success, to get the industry to say what is a reasonable increase. Last week, Ford Motor Co., General Motors, Nissan Motor Manufacturing Corp. U.S.A. and Toyota Motor Sales U.S.A. Inc. refused to make predictions.

But Chrysler Corp. and American Honda Motor Co. Inc. complied with Bryan's request.

Ronald Boltz, vice president of product strategy and regulatory

tions to pry some estimates from the automakers. "I don't like to sign a blank check," said James Olson, vice president of external affairs for Toyota.

A frustrated Bryan compared his questioning to a dentist trying to extract a tooth. "The industry says, 'Stop, do not pass Go,' but it seems to me unreasonable for an industry to say we cannot do this ... and not say what it could achieve."

Bryan was supported by environmentalists and conservationists, who testified for the last hour of a five-hour session. By then, most auto industry lobbyists and executives who packed the hearing room had left. And Bryan pleaded, to no avail, to the UAW for help with projections and estimates.

As they did in last year's debate, Honda, Toyota and Nissan said they not only support a CAFE policy but could meet a reasonable increase. But they continue to object to a percentage increase because it would force automakers with the best CAFE scores — like the Japanese — to make the biggest improvements.

Ford and Chrysler, whose executives recently called for tighter restraints on Japanese vehicles in this country, said they prefer the percentage increases opposed by the Japanese. Both companies also endorsed CAFE.

General Motors took a different view. George Eads, vice president for product planning and economics, said GM will be hard-pressed to maintain its current CAFE once cars conform to new safety and clean air regulations. And he called CAFE bad public policy.

"If it does not improve energy security and environmental quality, I see no need for it," Eads said.

Honda's Elliott said a new "ultra-high" fuel economy model is in the research and development stages as a replacement for the CRX HF.

But the car would likely cost more, and "there would be trade-offs in performance and size. If Honda sells at least 50,000 of these new models, CAFE could improve another 4 or 5 percent," he said.

"To go past that you have to seriously re-evaluate our whole model roundup, we would have to consider downsizing, radical changes, model elimination, things that frankly would put Honda back in the position of being a small subcompact manufacturer," Elliott said.

"Frankly, we are not desirous of doing that."

6 If it does not improve energy security and environmental quality, I see no need for it. 9

George Eads
GM vice president

affairs for Chrysler, said the company could increase CAFE 6.5 percent by the mid-1990s and 10 percent to 15 percent by 2001. Current standard for cars is 27.5 mpg.

And Honda could improve 6 percent by the 1996 model year using current technology, said Thomas G. Elliott, Honda's executive vice president of auto operations. "To go further than that, Honda has to re-evaluate its sales strategy in the U.S. market," he said.

Still, the industry executives repeatedly told Bryan's Commerce, Science and Transportation subcommittee that his bill is too stringent and not based on scientific data. They urged him to wait until the National Academy of Sciences issues a study on what levels of CAFE are technically and economically feasible.

The first phase of the study could be out by late June.

Bryan used a barrage of ques-

Chrysler mulls early-out plans

Salaried workers get offer; UAW hourly workers may, too

By Mary Connelly
AUTOMOTIVE NEWS STAFF REPORTER

HIGHLAND PARK, Mich. — As it struggles to reduce its payroll, Chrysler Corp. is exploring the possibility of offering special early retirement to UAW hourly employees, according to company and union sources.

The move would be fairly unusual. Traditionally, early retirement incentives are offered to salaried personnel.

UAW Vice President Stan Marshall, head of the union's Chrysler department, was unavailable for comment.

Chrysler and union sources said the company is considering making the offer to some hourly workers. The company already has decided to offer buyouts to salaried employees represented by the UAW.

"There are no plans to offer special early retirement to hourly employees at this time, but we couldn't rule out the possibility of exploratory talks with the UAW at some future date on this issue," said a

The Chrysler Times article also said that workers will be offered "a choice from several Chrysler vehicles," which will be given to them outright as part of the buyout.

Chrysler spokesman.

UAW spokesman Bob Barbee said a buyout offer would not require reopening the national agreement. The current agreement has provisions that permit Chrysler to offer the program, Barbee said.

An article published last week in Chrysler Times, a company-sponsored newsletter, suggested that Anthony St.

John, Chrysler vice president of employee relations, has approached the UAW about offering retirement incentives to some hourly workers.

The moves are part of Chrysler's effort to trim personnel as the company struggles to complete by June 30 a \$3 billion cost-cutting program that began 18 months ago.

The Chrysler Times article outlined some of the programs being used to induce an additional 3,000 white-collar workers to leave the company. Chrysler had 27,500 salaried workers at the end of 1990.

By April 1, Chrysler is expected to offer employees special early retirement or voluntary termination incentives. Employees must make a decision by April 30.

The special early retirement program will be offered to employees who are at least 53 years old and have at least 10 years of service.

Chrysler has not provided ad-
see CHRYSLER, page 36

Engineers spared from staff cuts

By Mary Connelly
AUTOMOTIVE NEWS STAFF REPORTER

HIGHLAND PARK, Mich. — Chrysler Corp. will spare engineers when it begins paring 3,000 salaried workers from its payroll beginning in April.

In a quest to meet its future product schedule, Chrysler will cut staff positions and thin its management ranks but will not chop engineers.

The company said the latest round of white-collar cuts is part of its campaign to reduce

fixed costs by \$3 billion by June 30. Chrysler had 27,500 salaried employees at the end of December 1990.

Chrysler also has 2,800 contract temporary employees not included in the year-end total, and the 3,000 jobs to be eliminated can come out of either salaried employees or contract employees.

Chrysler's market share and sales have shrunk in the face of recession and the Persian Gulf war. Its assembly plants are

running at half capacity, and calendar 1991 sales through Feb. 10 are off an estimated 31.6 percent from the same period last year.

Chrysler will achieve the personnel cuts by attrition, special early retirement programs, voluntary termination incentive programs and, possibly, layoffs.

The latest round of white-collar cuts is the third since Chrysler began its cost-cutting program in July 1989, although

see CUTS, page 36

Caprice gets split rating in NHTSA 35-mph crash

By Diana T. Kurylko
AUTOMOTIVE NEWS STAFF REPORTER

WASHINGTON — The new Chevrolet Caprice, one of the biggest and heaviest passenger cars on the road, scored poorly for protecting the passenger's head in the government's 35 mph crash test.

The four-door Caprice had a score of 1,101 for the passenger, a level the National Highway Traffic Safety Administration said could result in serious-to-fatal injuries.

The driver-side score of the air-bag equipped Caprice was 533, indicating no injury is likely.

Five other 1991 cars and one sport-utility were tested in the agency's first round of 1991 crash tests.

A total of 34 vehicles will be tested during the model year.

The Nissan Sentra, Honda Accord, Ford Escort, Dodge Shadow and Chevrolet Beretta all had scores indicating "unlikely" injury to driver and front passenger. Of those vehicles, only the Beretta had a driver-side air bag.

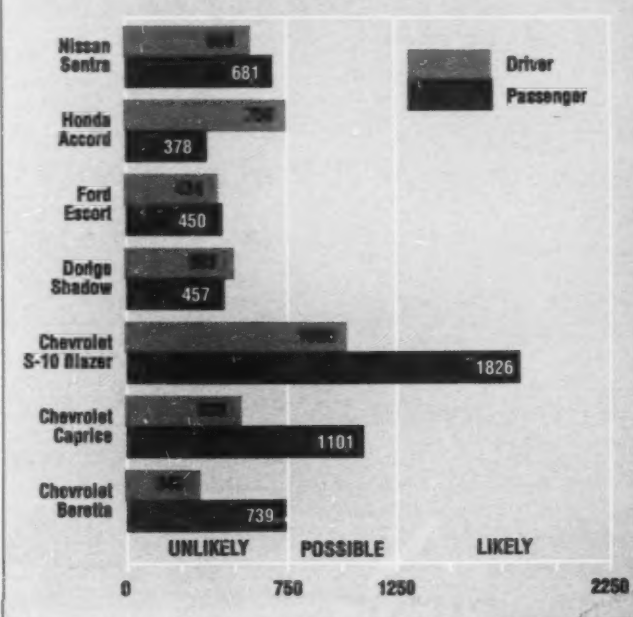
The Chevrolet S-10 4x4 Blazer, with manual lap and shoulder belts, was the only sport-utility crashed.

It scored very poorly on the driver side, registering 1,826, and was almost as bad as the Caprice on the passenger side, scoring 1,026.

The S-10 Blazer score is within

Head injury potential

Index numbers from 35 mph crash tests of 1991 cars show potential for head injury.



the result range of the eight 1990 sport-utilities crashed at 35 mph by NHTSA.

The agency says comparisons should be made only between vehicles of similar size and weight.

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AROUND THE WORLD

European new-car sales skid stretches into sixth month

By Richard Johnson
AUTOMOTIVE NEWS STAFF REPORTER

FRANKFURT, Germany — New-car sales in Europe fell for the sixth consecutive month in January, and only the soaring German market blocked a much steeper decline.

According to unofficial estimates compiled by *Automotive News*, sales in 17 Western European countries dropped 4 percent last month, to 1,273,100 units.

January sales in Germany jumped an estimated 57.1 percent from a year earlier, to 335,000 units. The big gain is compared to a weak market last year.

Excluding Germany, sales in the other Western European markets declined 16 percent in January as the United Kingdom, France and Spain were battered.

John Lawson of Nomura Securities Ltd. in London says he expects 1991 sales in Germany to be about the same as last year's 3.25 million. Without the five new states of the former East Germany, sales edged above 3 million for the first time ever.

"The push from the five new states has a limited time frame," said Lawson. "Demand was fueled by savings, and the currency union

(between East and West Germany) was several months ago."

Lawson predicts that sales for all of Europe will fall 8 or 9 percent this year as Europe's recession intensifies and interest rates rise. Last year, sales fell only fractionally, to 13,382,000, from the record of 13,400,800 in 1989.

Lawson said the powerful German central bank's recent interest-rate hike of half a percentage point will dampen demand across Europe because it "will turn out to be a rise in European interest rates."

For starters, he said, the rate hike eliminates any short-term hope that 14 percent interest rates now undercutting the British economy will fall soon.

British sales last month were down 20.8 percent from 1990, while sales plunged 23.1 percent in France and 28.6 percent in Spain.

Lawson suggested that car sales in Europe are not as deeply affected by the Persian Gulf war as U.S. sales, even though several European automakers have pinned much of the blame for the current slowdown on the war.

"I think the companies are kind of using the Gulf war," he said.

"The impact is being played up by companies to an undue extreme.

NEW-CAR SALES BY COUNTRY IN EUROPE

Country	January 1991	1990	Pct. change vs. 1990
Germany	335,000	213,200	+57.1
Italy	288,900	280,000	+3.2
France	180,300	213,200	-15.4
United Kingdom	163,500	203,000	-19.4
Netherlands	80,800	84,000	-3.8
Spain	59,200	82,000	-27.8
Belgium-Luxembourg	49,400	51,000	-3.1
Austria	29,100	27,000	+7.8
Switzerland	23,500	24,000	-2.1
Portugal	15,000	16,000	-6.3
Sweden	12,200	13,000	-6.1
Finland	10,700	11,000	-2.7
Ireland	9,200	9,500	-3.2
Greece	6,600	7,000	-5.7
Denmark	5,500	5,800	-5.2
Norway	4,200	4,500	-6.7
Total	1,273,100	1,338,200	-4.9

What you are getting is a Gulf war grafted onto a recession. This is dangerous because the market could be expected to bounce right back when the war is over, and it won't."

Volkswagen AG, Europe's sales leader for six years in a row, rode the January crest in Germany to grab the early lead in 1991 with a

EUROPEAN SALES

Manufacturer	January 1991	1990 share	January 1990	Volume change (%) 91 vs. 90
Volkswagen	198,100	15.6	185,400	+6.9
Fiat Auto ¹	186,000	14.6	230,300	-19.2
Peugeot S.A. ²	147,300	11.6	178,100	-17.3
Ford ⁴	158,300	12.4	145,000	+9.2
(Jaguar)	1,500	0.1	2,400	-38.0
General Motors ³	157,100	12.3	146,200	+7.5
Renault	129,400	10.2	134,700	-3.9
Mercedes-Benz	47,400	3.7	45,300	+4.6
Rover	36,700	2.9	38,700	-5.2
Nissan	34,500	2.7	33,700	+2.4
BMW	32,100	2.5	37,600	-14.4
Toyota	27,500	2.2	26,500	+3.8
Mazda	24,700	1.9	22,500	+9.8
Volvo	21,400	1.7	27,200	-21.3
Mitsubishi	16,100	1.3	14,900	+8.1
Honda	13,000	1.0	12,500	+4.0
Saab	4,400	0.3	5,500	-20.0
Others	39,100	3.1	42,400	-7.8
Total	1,273,100	100.0	1,326,400	-4.0

¹Includes Alfa Romeo, Lancia

²Peugeot, Citroen, Talbot

³Opel, Vauxhall, GM-U.S., Canada, Isuzu

⁴Includes Jaguar

15.6 percent market share. That consisted of 10.9 percent for the VW brand, 2.6 percent for Audi and 2.1 percent for Seat, VW's Spanish unit.

Following the VW Group in the January rankings were Italy's Fiat Group, at 14.6 percent; Ford of Europe, 12.4 percent; General Motors Europe, 12.3 percent; France's

Peugeot Group, 11.6 percent; and Renault S.A., 10.2 percent.

Peugeot has held third place in European sales in recent years, but slipped to fifth in January because of the weak French market.

Combined Japanese sales in Europe rose 4.8 percent in January, to 128,400, equal to 10.6 percent of the market.

Acquisitions sap earnings of Ford, GM in Europe

By Richard Johnson
AUTOMOTIVE NEWS STAFF REPORTER

FRANKFURT, Germany — Losses at their recently acquired Saab and Jaguar units sapped the European earnings of General Motors and Ford Motor Co. last year, although GM Europe still mailed record profits home to its parent.

Ford's European profits plunged 88 percent, however.

GM and Ford have relied heavily on their European units in recent years. But with the market slipping here, analysts note, they may pull less from European operations in 1991 than at any time since the mid-1980s.

GM earned a record \$1.91 billion from European operations last year, up from \$1.83 billion in 1989. The results contrasted with a loss of \$1.99 billion for the corporation.

European earnings would have been \$2.34 billion, however, without the drain of a 4.65 billion kronor (about \$852 million) pretax loss at Saab Automobile AB, the embattled Swedish carmaker that is 50 percent owned by GM. GM's share of the loss equaled an indicated \$426 million.

Meanwhile, Ford's European profit plunged to \$145 million from \$1.19 billion a year earlier. The slide jolted many analysts, who had expected earnings of between \$400 million and \$600 million.

Analysts estimate that Ford's Jaguar unit lost about £100 million (about \$195 million) last year, indicating that Ford itself suffered around \$800 million in operating losses on its core business.

Analysts expect that the downturn in European sales will mean still weaker results for GM and Ford this year. But in the longer term the embattled U.S. companies may have no choice but to increase their reliance on Europe.

"My view is that the situation in the U.S. is pretty bleak," said ana-

lyst Bob Barber of James Capel & Co. in London.

"The U.S. market is not growing, and U.S. companies are losing market share to the Japanese transplants," he said. "The European operations could actually become more important because, while there is a cyclical downturn in Europe, there is a secular downturn in the United States."

The two European subsidiaries took divergent paths in 1990. GM's market share improved, and the automaker edged past Ford into the No. 4 European sales slot for the first time in history.

Ford's biggest European market, the United Kingdom, fell sharply last year, while Germany, where GM's Adam Opel unit does best, set a new sales record last year.

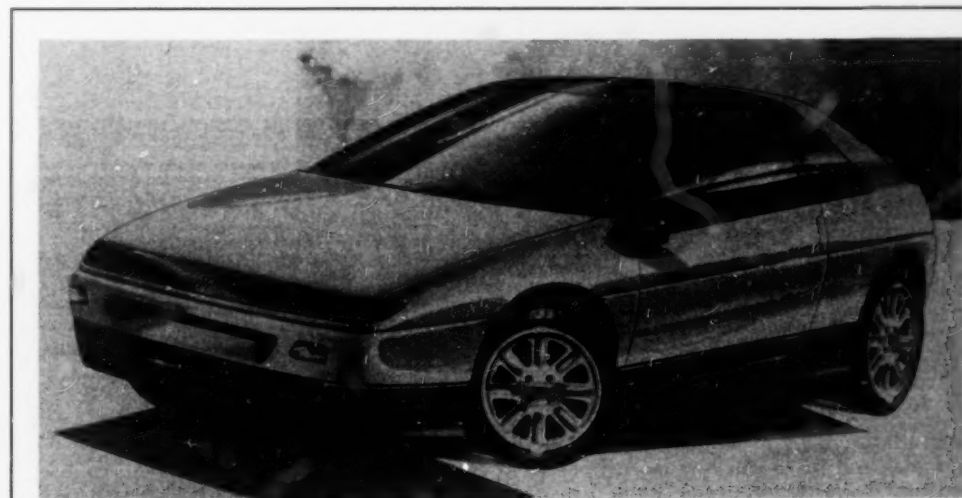
"Ford depends heavily on the U.K. market, which is depressed, and Opel depends heavily on Germany, which is a strong market," said Barber.

Some analysts charge that Ford also may have shot itself in the foot by pricing its cars too aggressively in Britain and Italy, where it expanded its market share from 4.9 percent to 7.7 percent.

On the other hand, "The whole U.K. market is extremely competitive in price and was for all of 1990," said Barber. British sales were off 13 percent for the year, and fell 28 percent in December.

Besides a sharp industry downturn in its best market, Ford's problems last year included labor strife and a troubled launch of its largest-volume model, the Escort/Orion. Last month, Ford cut production at five European plants.

"Another factor is the huge cost of buying Jaguar," said Barber. "If you take the financing costs on £1.4 billion (about \$2.73 billion) and add the loss of £100 million, you are talking about a quarter of a billion pounds, which is serious money."



Fiat takes aim at niches

Fiat S.p.A. is preparing two limited-production cars. The first is a 2+2 coupe, above, based on the Tipo platform, which was designed and will be produced by Pininfarina. A September 1993 introduction is planned. Fiat also has plans for a Bertone-designed convertible based on the Uno, due in 1994.

Korea automakers turn to incentives to spark sales

By Oles Gadacz
STAFF CORRESPONDENT

SEOUL, South Korea — This country's automakers, their January sales battered by economic uncertainty and the imposition of higher vehicle taxes, have unfurled a full slate of incentives in a bid to spark consumer enthusiasm.

January sales fell 16 percent from a strong December to 77,476 units. Koreans rushed to showrooms in December to beat a Jan. 1 increase in new-car registration taxes, magnifying the December-to-January sales decline.

But analysts say the primary reason for the early-year decline is sagging consumer confidence.

"The main reason is the Gulf crisis," said Kim Soo-Mi, an automotive industry analyst with the Seoul office of Hoare Govett Ltd. "People are worried about the economy and higher gas prices."

Another industry analyst pointed

out that Korean consumers are especially sensitive to developments overseas.

"This is an export-driven economy, and consumer confidence rests to a large degree on how well exports are going," said the analyst, an American who asked that his name not be used. "When things are unsettled overseas, Korean consumers get nervous."

To woo customers back into showrooms, automakers introduced incentive schemes this month that range from cash discounts to extended interest-free payment plans.

Hyundai Motor Co., for example, is offering cash buyers 400,000 won (\$500) off the price of a Sonata. It also has stretched installment payments for the Sonata to up to 30 months, and to 15 months on the Excel and Scoupe.

Kia Motors Corp. is offering a 3 percent discount for cash pur-

chases, and has extended interest-free payments on the Pride, sold as the Ford Festiva in the United States, to 20 months from 12.

Daewoo Motor Co. is offering 10-month, interest-free installment payments on its recently introduced Espero model.

The incentives appear to be working — preliminary figures show that average daily sales for February to date have risen some 30 percent over January.

Hyundai's average daily sales rate has risen 26 percent, to 1,426 units. Kia's average daily sales have risen a third, to 720 units.

Meanwhile, the industry reported that exports plunged 71 percent in January, to 15,158 units, although the comparison is to an especially strong December.

On a year-to-year basis, January exports were up 29 percent, although U.S. shipments were off 13.5 percent, to 5,462.

TRUCK INDUSTRY

Mercedes Mexico gears up

Free-trade prospect spurs Freightliner pact

By Joseph Bohn
TRUCK EDITOR

Daimler-Benz AG's Mexican subsidiary has begun producing Freightliner trucks and will produce medium-duty Mercedes-Benz models. The intent is to strengthen its presence in the Mexican market and to position itself for a possible free-trade pact that would boom Mexico's trucking business.

Daimler's Mexican subsidiary, formerly known as Fabrica de Autotransportes Mexicana S.A., or FAMSA, adopted the new name of Mercedes-Benz Mexico, S.A. de C.V. in late January. At the same time, it began producing trucks under the Freightliner and Mercedes-Benz nameplates.

The company said it replaced its entire line of trucks manufactured by FAMSA and Daimler-Benz under a licensing agreement with Navistar International with a new line of Freightliner FLD 120 highway tractors. It also plans to add assembly of a modern line of medium-duty Mercedes-Benz commercial vehicles, bus chassis and

OM366 diesel engines later this year.

Freightliner President Dieter Zetsche predicted that "trucking in the 1990s is going to be border to border."

The United States already has a free trade pact with Canada, and both Mexico's President Carlos Salinas de Gortari and U.S. President George Bush are seeking a similar pact between Mexico and the United States by 1993, Zetsche said.

There is still no certainty that such an agreement, opposed by organized labor groups and others, will come about; but Zetsche said "as transportation integrates, we can expect to see vehicles in Mexico rapidly shifting toward a higher level of technology in order to be competitive with U.S. carriers."

The new Mexican operation positions Freightliner with manufacturing capacity in the United States, Canada and Mexico. It also will have parts and service support networks in each country to pro-

vide coverage for fleets hauling freight throughout the increasingly integrated market, Zetsche said.

For the Mexican market, Freightliner is exporting Long Conventional with both 48-inch sleeper cab and non-sleeper configurations.

They are equipped with Cummins NTC Big Cam 111 engines in 350- and 400-horsepower ratings, Spicer 16-speed transmissions and Rockwell axles. The components are designed to offer easy maintenance and widespread availability of spare parts in Mexico.

FAMSA produced and sold 6,000 medium and heavy trucks in 1990, accounting for 43 percent of the market.

Mercedes-Benz Mexico officials expect market demand to increase to 19,000 units in 1991 and for their own share to increase significantly over the next two years.

Mexico's overall population is expected to grow to over 100 million people by the end of the decade from 85 million at the end of the 1990.

BRIEFS

Order rebound expected

NEW YORK — Net new heavy-truck orders continued to strengthen in January, though they still trailed the year-earlier period by a wide margin.

The net order intake for Class 8 trucks totaled 7,368 in January 1991, up slightly from 7,266 in December 1990 and 4,933 in November, according to Rothschild Inc. of New York.

But January orders were still 36.63 percent below the 11,627 of a year ago.

Frank Prezelski, an analyst with Rothschild, sees order rates continuing to strengthen in February and March. He feels they will begin topping year-earlier levels in April.

"We believe the cyclical bottom for orders was probably established in November. Although order rates will be somewhat anemic for the next couple of months, they should fluctuate around the 7,000-unit level," Prezelski said.

Isuzu brake device bows

TOKYO — Isuzu Motor Ltd. has introduced a compact permanent-magnet retarder to make braking easier on its 10-ton trucks.

At 107 pounds and 12-inch diameter, the system is about one-sixth the weight and size of systems already on the market, according to Isuzu.

The company says the system easily can be added to current models. A retarder is intended to assist drivers in braking, to improve driving comfort and to relieve fatigue on long hauls.

The compact retarder, which was developed jointly with Sumitomo Metal Industries Ltd., costs 9,140 yen (about \$69) and is available on all of Isuzu's 10-ton trucks.

Isuzu hopes to eventually offer a range for other size trucks as well.

PACCAR posts profit

BELLEVUE, Wash. — PACCAR Inc.'s ability to make money under adverse conditions, well-documented in the early 1980s, continues during the latest recession.

Despite the slump in heavy-truck sales, PACCAR managed a \$5.8 million net profit for the fourth quarter of fiscal 1990, ended Dec. 31, and a full fiscal-year profit of \$63.7 million. Still, its profit was off sharply from \$241.9 million in fiscal 1989.

Detroit Diesel facility

REDFORD, Mich. — Detroit Diesel Corp. opened a new 42,000-square-foot training center, with classrooms, laboratories, teardown rooms and other capabilities.

Built through a joint investment of \$5 million by Detroit Diesel and UAW Local 163, the center will be used for the training needs of company customers, distributors and employees, according to Roger Penske, chairman of Detroit Diesel.

Fruehauf relocates

SOUTHFIELD, Mich. — Fruehauf Trailer Corp. moved its world headquarters from its 70-year location on Detroit's east side to nearby Southfield.

Fruehauf occupies 34,000 square feet of specially designed office space on the top two floors of a

JANUARY 1991 TRUCK SALES BY GVW

	Jan. 1991	Jan. 1990
FORD	79,220	114,932
Class 1-3	75,006	108,801
Class 4	1,527	2,105
Class 6	437	442
Class 7	1,630	2,472
Class 8	620	1,112
FREIGHTLINER	1,838	2,102
Class 8	1,838	2,102
CHEVROLET	71,107	103,508
Class 1-3	70,298	102,184
Class 4	85	
Class 5	7	18
Class 6	284	707
Class 7	433	599
GMC	18,294	27,835
Class 1-3	17,096	26,614
Class 4	37	
Class 5	34	134
Class 6	273	270
Class 7	854	817
KENWORTH	1,063	1,219
Class 7	15	19
Class 8	1,048	1,200
MAZDA	852	1,177
Class 6	38	108
Class 7	52	144
Class 8	762	925
MERCEDES-BENZ	61	126
Class 6	13	40
Class 7	48	86
NAVISTAR	4,732	5,461
Class 4	3	2
Class 5	10	8
Class 6	342	762
Class 7	1,872	2,514
Class 8	2,505	2,175
PETERBILT	1,059	1,187
Class 7	8	54
Class 8	1,051	1,133
VOLVO/GM HEAVY	656	1,042
Class 7	28	66
Class 8	628	976
HINO	164	162
Class 1-3	26	25
Class 5	36	27
Class 6	51	35
Class 7	51	75
NISSAN DIESEL	128	185
Class 1-3	35	51
Class 5	52	68
Class 6	16	27
Class 7	25	39
ISUZU TRUCK	488	806
Class 1-3	370	538
Class 4	43	52
Class 5	25	24
Class 6	32	110
Class 7	18	82
MITSUBISHI FUSO	236	236
Class 1-3	116	131
Class 5	36	56
Class 6	39	16
Class 7	45	33
SCANIA	3	10
Class 8	3	10
IVECO TRUCKS	0	133
Class 1-3		89
Class 4		25
Class 5		10
Class 6		9
WESTERN STAR	73	68
Class 8	73	68
OTHER TRUCKS	106,847	149,197
Class 1-3	106,812	149,110
Class 6		34
Class 7		1
Class 8	35	52
TOTAL TRUCKS	286,821	409,386
Class 1-3	269,759	387,543
Class 4	1,695	2,184
Class 5	200	345
Class 6	1,525	2,560
Class 7	5,079	7,001
Class 8	8,563	9,753

Volvo GM offers dealers wider line

By Joseph Bohn
TRUCK EDITOR

Volvo GM Heavy Truck has lost some dealers, though Giorgio Maggio, executive vice president of Commercial Operations, described the dealer network as "remarkably stable."

Volvo GM had 189 dealers at the end of 1990, down from about 200 a year earlier.

Some 119 are exclusives, meaning they handle only WhiteGMC and Volvo trucks in a location.

Thage Berggren, Volvo GM president and chief executive officer, says his company is "working closely with GM to have our dealerships handle Class 6 and 7 GMC trucks as well as Class 7 Volvo and Class 8 WhiteGMC trucks."

"Our philosophy — and GM's — is that a wider product line will attract more business to these dealerships and produce a more stable dealership network," Berggren says.

But Ray Rota, GMC general sales manager, says such linkups have been made only with a great deal of care.

"When a medium-duty dealership becomes available and happens to be in a town with a Volvo GM dealer and everything is right, we possibly may go with the Volvo GM dealer, provided he meets our criteria," Rota says.

"It's a matter of natural evolution and timing. We have no objective of terminating any of our medium-duty franchise agreements or of pushing any dealers into Volvo GM products."

Of the 697 Chevrolet and GMC dealers that sell medium-duty trucks, 128 also sell Volvo GM products.

Rota notes that 98 of those dealers carried GMC's heavy-duty line before those operations were merged with Volvo so that, in the past two years, only 30 Volvo GM dealers have picked up GM's medium-duty franchise.

"Where a GMC dealer decided to sell his franchise or give it up or we



Some 119 Volvo GM dealers are exclusives, handling only WhiteGMC and Volvo trucks in a location. The truckmaker lost 11 dealers in 1990.

had an open point, we dualled up," Rota says.

As part of its sales strategy, Volvo GM has begun heavier targeting of people who buy only a few trucks a year.

Maggio notes that major fleets, which comprise 2 percent of all heavy-truck buyers, typically buy 50 percent of all Class 8s.

Smaller fleets, which comprise 15 percent of buyers, averaging about seven truck purchases a year, account for another quarter of all sales.

Some 83 percent of buyers who purchase only two or three trucks a year account for the remaining quarter of heavy-truck sales.

Maggio says the two smaller groups tend to be local, rather than regional or national, in their operations, giving dealers their best chance at increasing market share in their particular operating areas.

He says that market also offers higher profit margins than fleet sales and provides more balance

and consistency to a dealer's business, helping to minimize swings in the business cycle.

Volvo GM hopes to hike sales among smaller-quantity buyers, many of whom are owner-operators, with the new Tall Integral Sleeper Aero Es tractor it has just put into commercial production.

The company has 11.8 percent of the small fleet market and 10.2 percent of the two- to three-unit buyer markets. Last year Volvo GM sold 14,767 Class 8 trucks, 12.2 percent of the Class 8 market's 121,324 sales in calendar 1990.

Volvo GM narrowly edged out Kenworth Truck for third place in Class 8 sales last year. Kenworth had 12.1 percent of the market, based on 14,620 retail sales. Its share was down the 0.2 percent that Volvo GM's increased.

Class 8 sales last year were off from 145,068 in 1989, and analysts such as Frank Prezelski of Rothschild Inc. expect another drop to 110,000 or less this year.